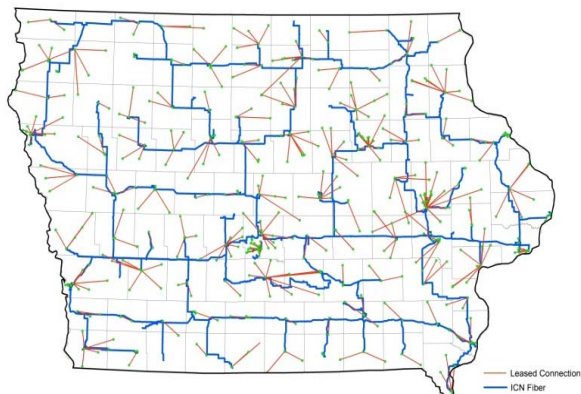


ICN Overview

Frequently Asked Questions



Background: The Iowa Communications Network (ICN) manages a state-owned and administered fiber optic telecommunications network that serves statutorily defined authorized state and federal government, education, and health users. The agency was created in 1994 and is governed by the Iowa Telecommunications and Technology Commission (ITTC). ITTC members are appointed by the Governor and the six-year appointments are confirmed by the Senate. The executive director is appointed by the Commission in consultation with the director of the Department of Administrative Services. The authorization for the construction of the Network was passed during the 1989 Legislative Session.

Q. Does the ICN business aspect operate differently than a private telecommunications provider?

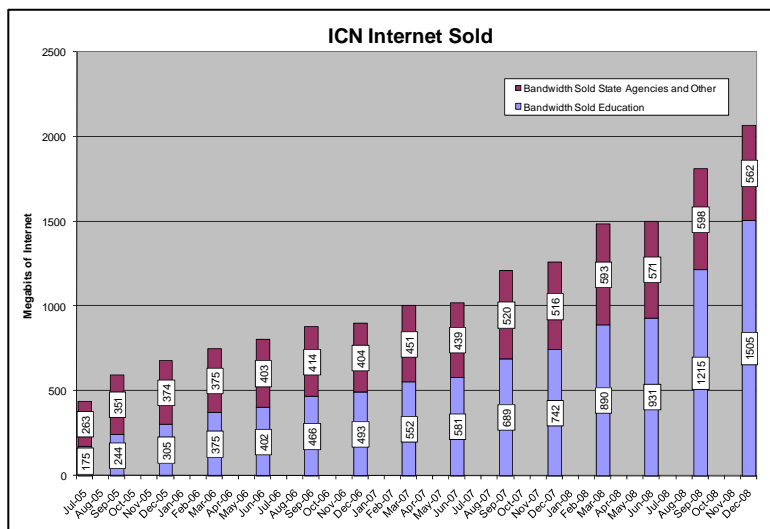
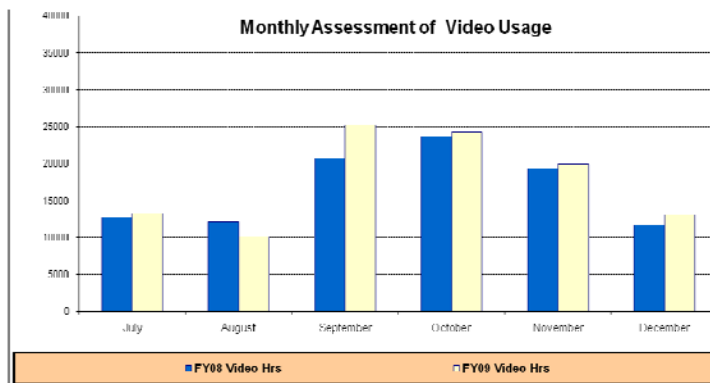
- A. The ICN has several constraints that telecommunications companies do not face.
1. Limited customer base
 2. Limited collaboration capabilities with other telecommunications companies
 3. Same price for services anywhere in the state
 4. Project funding constraints

Q. What services does the ICN provide?

- A. The ICN provides voice, video, data, WAN connections and Internet.

Q. Is the usage of ICN video services increasing or decreasing?

- A. ICN has seen an increase in the usage of video hours from 100,312 in FY 2008 to 105,908 in FY 2009. Although the specific cause is not known, it is believed to be the availability of weighted funding for ICN distance learning classes or lack of funds to travel.



Q. Are the bandwidth requirements of ICN customers increasing? How does this impact the Network?

- A. The ICN Internet bandwidth sold has more than doubled with the past two years. This growth does not impact the quality of service of other ICN products. Newer technologies enable the more efficient use of the Network's capacity.



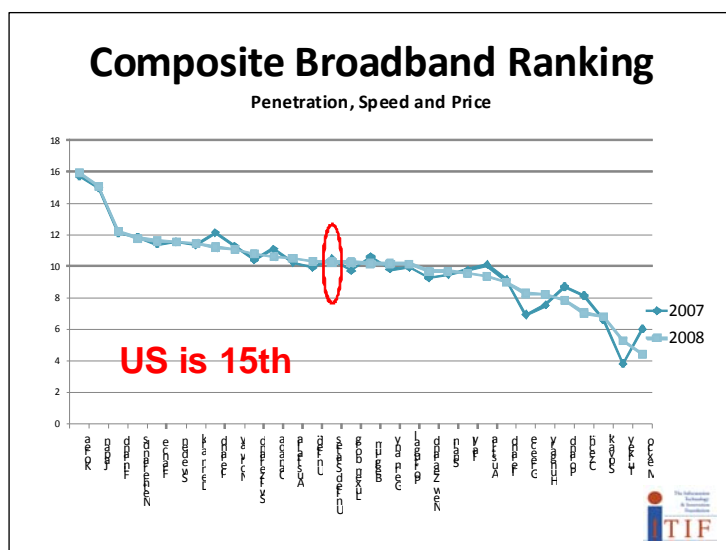
Q. The world of technology and telecommunications is rapidly changing. How do these changes impact the ICN and the telecommunications industry in Iowa?

A. The standards are changing to digital standards. Next month, analog television as we know it will not be available. Most of the video and voice services that are available now utilize Internet Protocol or IP. Television, Internet, telephone, and video services are blending. Many providers package services like Qwest's bundled services that include wireless phone and satellite television service. The expertise and knowledge base requirements have increased. Global competition has also increased since it is tied to affordable, robust broadband services, the switch from landline to wireless telephone services, Universal Service Fund subsidizations and competition between telecommunications and wireless companies are all issues that will impact the Iowa telecommunications industry environment and Iowa citizens.

Q. Both President Obama and Governor Culver had stated the importance of affordable broadband services for all citizens. Why is availability of broadband important?

A. There are a number of reasons that affordable access to broadband services should be available to all Iowans.

1. Drives economic development
2. Enhances educational opportunities
3. Provides cost effective IP tools for healthcare delivery
4. "Future Proofs" telecommunications in Iowa
5. Improves Iowa's competitive edge through IP applications
6. Enhances public safety



Q. How does Iowa rank regarding access to affordable, robust broadband?

A. In a composite broadband ranking which included penetration, speed and price that was completed by the Information Technology and Innovation Foundation, the US ranked 15th. Iowa ranks 47th among the states according to a voluntary survey titled "Speed Matters" conducted by the Communications Workers of America. The survey measured the last-mile speed that consumers received their Internet. Without a thorough mapping of the availability of broadband in Iowa, we will not know the actual availability of robust, affordable broadband needed to determine the best strategies needed to ensure Iowans have access to these services.

Q. We see people using their cell phones more and more every day. How does that impact the telecommunications industry?

A. During 2008, wireless revenues surpassed landline revenues in Iowa. The trend is nationwide.

Q. We know that members of the Telecommunications industry in Iowa receive Universal Service Fund (USF) subsidization for high cost service areas and e-rate. How much funding do they receive?

A. The 2008 figures have not been released, but Iowa telecommunications providers received subsidies in excess of \$126 million in 2007 to serve high cost service areas. Schools and libraries in Iowa received over \$8 million in discounts for various telecommunications services. Of this amount, ICN received about \$4.9 million for services provided. Washington is reviewing the USF Funding process.

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